

weekly economic review

January 11, 2013

Housing Market

Housing starts post strong gains in 2012

Alberta new home construction jumped to the highest level in five years in 2012, supported by a healthy labour market, strong in-migration and low interest rates. Alberta housing starts averaged 33,300, seasonally adjusted annual rate (SAAR), in 2012, up a strong 30.6% over 2011 level. Among the provinces, Alberta posted the second largest increase in starts after Saskatchewan, and far outpaced the national increase of 11.4%

In the final month of 2012, the number of Alberta homes starting construction hit a four month low. Alberta housing starts dipped 24.6% in December to 29,952 units SAAR. Despite the monthly decline, starts came in 4.7% higher than the December 2011 level.

Nationally, housing starts continue to soften, having contracted for past four months. Canadian housing starts were 197,976 in December, 1.7% below the previous month and 0.8% lower than December 2011 levels.

Alberta new home prices continue to post modest gains

New home prices in Alberta continued to inch higher in November, rising a tepid 1.7% over November 2011. Despite strong activity, gains in Alberta continued to lag the national average (2.2%), with Manitoba (4.1%), Ontario (3.5%) and Nova Scotia (2.6%) posting the largest increases. In Calgary, year-over-year price gains continue to accelerate, reaching the highest level (+2.8%) in nearly 2.5 years. Edmonton price increases remained subdued at 0.8% in November.

Building Permits

Construction intentions remain strong

The total value of building permits continues to trend upward in Alberta.

The value of building permits rose for the second straight month to \$1.2 billion, up 1.5% over October and an impressive 26.3% over November 2011. The monthly gain was driven by an increase in residential permits that more than offset a drop in non-residential permits. On a year-over-year basis, both components posted strong gains of over 20%. Year-to-date, Alberta permits are tracking 15.2% over the same period in 2011.

Nationally, November building permits hit a 11-month low, falling 17.9% over October and were largely unchanged from November 2011.

Merchandise Trade

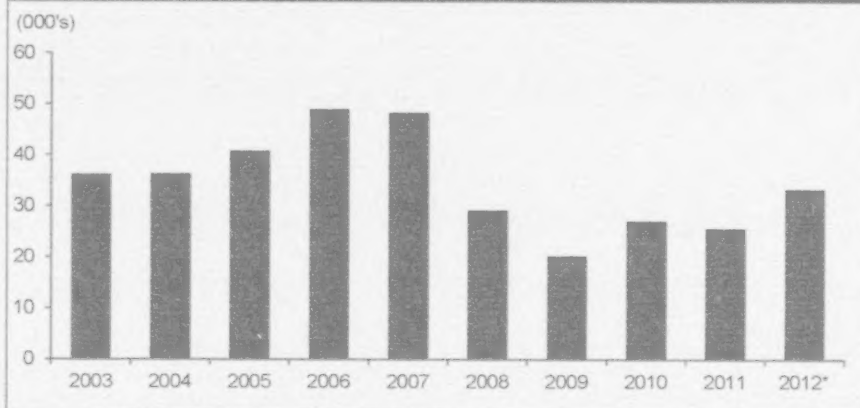
Alberta exports fall below November 2011's level

Alberta's merchandise exports in were down 3.1% in November from

the same month in 2011. Weaker exports of energy products (-1.9%), basic & industrial chemical, plastic & rubber products (-9.8%) and metal and non-metallic mineral products (-25.7%) contributed to the bulk of the losses. Only three product groups posted year-over-year gains: forestry products & building & packaging materials (+12.4%), farm, fishing & intermediate food products (+6.4%) and electronic & electrical equipment & parts (+9.9%). Despite the pullback in November, year-to-date exports are 4.0% above the same period in 2011.

Nationally, the merchandise trade deficit widened to its highest level since July. The deficit grew to \$2.0 billion from \$0.6 billion in October, reflecting a large increase in imports and a drop in exports.

Alberta Housing Starts



Source: Canada Mortgage and Housing Corporation

* 2012 estimate based on average monthly SAAR figures.

Closing Prices	January 3, 2012	January 10, 2012	2012-13 Fiscal YTD
Canadian Dollar (US\$/C\$)	101.49	101.42	100.14
WTI Oil (\$US/bbl)	\$92.92	\$93.82	\$91.31
NYMEX Natural Gas (\$US/MMBtu)	\$3.20	\$3.19	\$2.94

Alberta Economic Indicators

Population	2010	2011	2012YTD	Jul	Aug	Sep	Oct	Nov	Dec
Population ¹ (000's)	3,724	3,778	3,874	3,874	--	--	3,907	--	--
y/y % change	1.4	1.5	2.5	2.5	--	--	2.9	--	--
Net Interprovincial Migration ¹	-3,271	8,443	28,170	8,544	--	--	13,915	--	--
Net International Migration ¹	24,100	16,703	37,990	14,546	--	--	10,809	--	--
Net Non-permanent Residents ¹	14	-7,604	9,721	5,244	--	--	3,946	--	--
Labour Market									
Employment (000's), SA	2,017	2,094	2,150	2,150	2,154	2,156	2,161	2,171	2,165
y/y % change	0.4	3.8	2.7	2.2	2.1	1.8	1.7	1.8	1.5
Unemployment Rate (%), SA	6.5	5.5	4.6	4.6	4.4	4.4	4.5	4.2	4.5
Participation Rate (%), SA	72.9	73.7	73.4	73.3	73.2	73.1	73.1	73.0	72.9
Average Weekly Earnings (\$), SA	993.28	1,038.69	1,070.70	1,088.99	1,088.45	1,083.98	1,098.37	--	--
y/y % change	4.6	4.6	3.3	5.5	3.6	3.9	4.3	--	--
Price Indices									
Consumer Price Index (y/y % change)	1.0	2.4	1.2	0.9	1.0	1.4	0.6	0.6	--
Excluding food and energy	0.8	0.8	1.4	1.4	1.4	1.1	1.2	0.9	--
Non-Res. Building Cons. Price Index ² (y/y % change)	-0.1	3.4	4.1	--	--	3.5	--	--	--
Farm Product Price Index (y/y % change)	-1.8	18.0	5.2	4.6	5.0	2.3	--	--	--
Crops	-9.6	19.3	1.9	0.5	4.2	1.7	--	--	--
Livestock	5.7	16.7	7.8	7.1	5.2	3.7	--	--	--
Household Sector									
NEW: Housing Starts (SAAR, 000's)	27.1	25.7	33.3	33.2	29.3	33.4	33.6	39.7	30.0
y/y % change	33.5	-5.1	30.6	32.7	-5.9	34.2	-0.5	32.2	4.7
NEW: New Housing Price Index ³ (y/y % change)	0.5	0.4	1.2	1.5	1.6	1.8	1.6	1.7	--
Edmonton	-0.8	0.9	0.9	0.8	0.9	1.3	0.8	0.8	--
Calgary	1.7	-0.1	1.5	2.3	2.4	2.3	2.4	2.8	--
MLS Average Resale Prices (\$ 000's)	350.9	352.7	361.7	363.1	363.9	361.8	367.6	371.0	--
y/y % change	3.1	0.5	2.3	3.2	3.6	0.7	4.3	4.3	--
Edmonton (\$ 000's)	326.5	324.2	333.1	331.8	334.0	324.2	332.7	347.4	--
y/y % change	2.3	-0.7	2.4	1.2	2.9	-2.3	1.8	3.4	--
Calgary (\$ 000's)	397.4	401.9	409.1	411.5	410.9	410.2	422.5	416.8	--
y/y % change	3.4	1.1	1.5	3.1	1.8	0.0	5.2	4.3	--
Retail Sales, SA (y/y % change)	-6.0	6.9	8.9	9.6	8.5	8.9	6.1	--	--
New Motor Vehicle Sales (y/y % change)	9.5	9.6	12.4	10.8	9.0	15.7	9.1	--	--
Consumer Bankruptcies	8,150	7,029	4,993	489	454	421	489	--	--
y/y % change	-18.4	-13.8	-16.4	-8.4	-23.7	-19.8	-5	--	--
Business Sector									
Rigs Drilling	207	286	250	198	223	229	236	258	287
y/y % change	68.1	30.4	-12.6	-17.5	-30.9	-33.7	-29.6	-21.8	-16.6
NEW: Goods Exports, customs based (y/y % change)	12.6	18.5	4.0	0.8	-7.5	-9.1	7.1	-3.2	--
Energy	17.1	19.4	5.1	3.3	-9.9	-9.0	9.5	-1.9	--
Farm, Fishing and Intermediate Food	-15.9	27.2	20.4	6.2	30.4	25.2	26.2	6.4	--
Farm Cash Receipts (quarterly, y/y % change)	-3.7	15.2	15.0	--	--	8.8	--	--	--
Manufacturing Shipments, SA (y/y % change)	11.3	18.0	8.0	7.1	5.5	1.1	2.6	--	--
Wholesale Trade, SA (y/y % change)	8.5	15.0	13.6	12.6	9.7	7.4	--	--	--
NEW: Building Permits, SA (y/y % change)	1.3	11.8	15.2	0.1	11.0	6.1	25.5	26.3	--
Residential	22.4	5.2	19.0	1.2	30.2	9.4	15.2	23.9	--
Non-residential	-18.3	20.9	10.5	1.5	-10.4	1.4	42.2	29.9	--
Business Bankruptcies	378	264	199	16	10	21	18.0	--	--
y/y % change	-6.7	-30.2	-12.3	6.7	-61.5	-8.7	-40.0	--	--

YTD (year to date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted. "SAAR" denotes seasonally adjusted at annual rate.

¹Quarterly; annual numbers are presented on a census year basis (July 1-June 30).

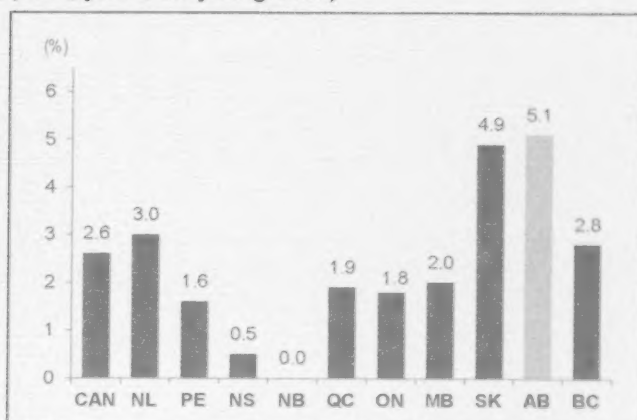
²Quarterly; average of Calgary and Edmonton.

³Average of Calgary and Edmonton.

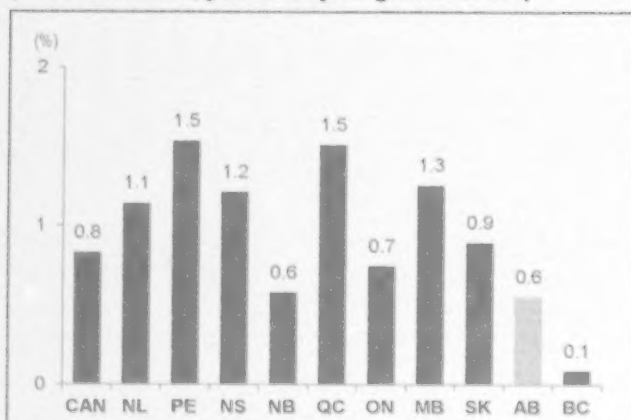
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

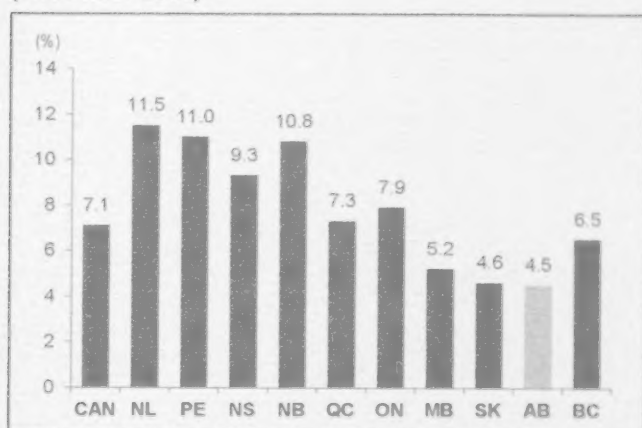
Real GDP Growth by Expenditure
(2011, year-over-year growth)



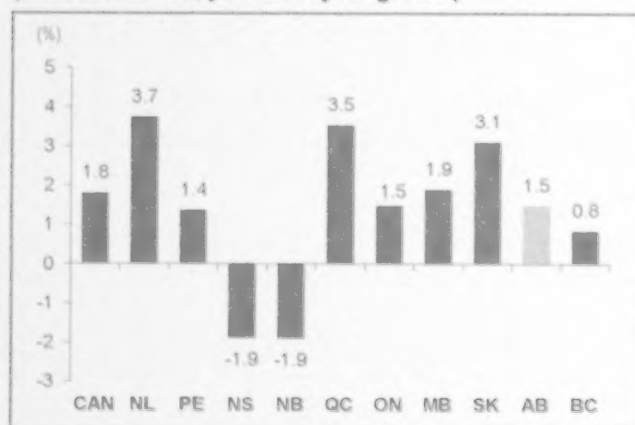
CPI Inflation
(November 2012, year-over-year growth in CPI)



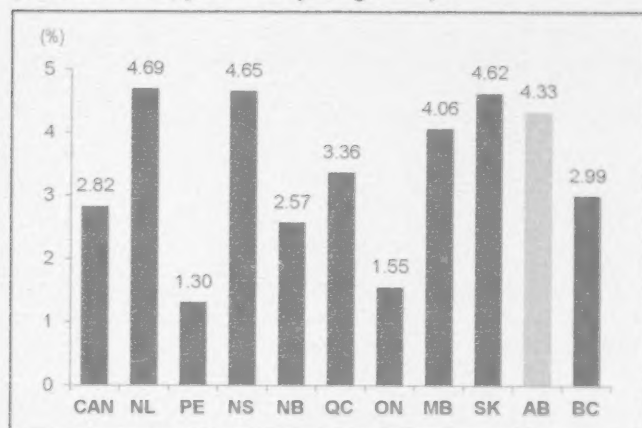
Unemployment Rate
(December 2012)



Employment
(December 2012, year-over-year growth)



Average Weekly Earnings
(October 2012, year-over-year growth)



Housing Starts
(December 2012, SAAR, year-over-year growth)

